The Manager's Notebook

Light-up sales with matchbook advertising

You don't have to be pushing night school degrees, learning to draw or restaurants to use matchbook advertising. Statistics reported in **Business Marketing** *showed that of the 1,000 top executives surveyed, 32% of respondents remembered the matchbook's message while only 12% recalled a flyer received.*

Two weeks after receiving a matchbook in the mail, 64% still had the matchbook; after two months, 38% **still had it**. *The overall recall rate for matchbook messages was 59% vs. 17% for the flyer.*

Moral: *Put your message on a matchbook and send it to prospects. It's one advertisement they just can't throw away.*

Your truck is a moving billboard

Research has shown that a message on a truck yields 100 impressions per hour on the highway and 300 per hour in the city. That is three to four million impressions per year for each of your trucks!

You have three moving billboard opportunities on each truck: The two sides and the back. Make sure you use your trucks to your best advantage. The printed message your truck carries is most important. And almost as important is the way your truck looks. It is a moving representative of your company: keep it clean, well maintained, and ask drivers to be courteous.

Do you know the warning signs of understress?

Understress for working people may not be dangerous, but it certainly can limit productivity. A work underload does not challenge one's potential nearly enough, states authors Stern and Zemke in their book **Stressless Selling.**

Here are some of the warning signs that you or your employees have fallen victim to the dreaded malady **understress:**

1. *Need for a frequent pick-me-up (food, coffee, soda, cigarettes) at work*
2. *Minds that wander during meetings*
3. *Feeling low or flat at work*
4. *Being tired at work, but becoming energized when reaching home*
5. *Dragging yourself out of bed in the morning*
6. *Dissatisfaction with your job for no obvious reasons*
7. *Few feelings of pride about tasks accomplished.*

Remember: *Manageable stress is necessary to get work done and to make life interesting.*

Paper Merchant Sales Report — February, 1984

	NPTA Regions	Sales per selling day February 1984 -compared to- February 1983	Sales per selling day February 1984 -compared to- January 1984	Sales per selling day 1984 year-to-date -compared to- 1983 year-to-date	Days outstanding (accounts and notes) at close of February 1983	Days outstanding (accounts and notes) at close of February 1984	Calendar days' cost* of ending January inventory 1983	Calendar days' cost* of ending January inventory 1984
INDUSTRIAL	1	- 1.5%	- 7.7%	+ 1.9%	44	48	58	53
	2	+19.0%	+ 3.4%	+18.5%	36	38	53	53
	3	+15.4%	+ 3.0%	+16.1%	33	39	67	67
	4	+16.5%	- 2.8%	+19.7%	33	39	64	61
	5	+13.6%	+ 3.4%	+11.7%	31	37	66	64
	6	+14.3%	+ 6.2%	+15.0%	37	44	58	--
	7	+ 7.0%	- 0.5%	+ 4.0%	35	40	65	71
	NY METRO	+ 9.0%	+ 3.3%	+ 9.7%	41	44	--	--
	CHICAGO METRO	+18.4%	+10.9%	+21.5%	39	41	67	--
	LA METRO	+15.3%	+ 0.6%	+12.1%	43	50	65	60
	US	+14.0%	+ 1.5%	+14.5%	35	41	62	61
PRINTING	1	+22.8%	+ 4.9%	+18.2%	52	59	63	--
	2	+34.8%	+ 9.2%	+30.6%	43	47	67	65
	3	+26.9%	- 2.1%	+35.7%	43	43	85	87
	4	+28.3%	+ 4.1%	+31.3%	41	43	76	73
	5	+21.7%	- 2.2%	+21.2%	38	45	61	87
	6	+25.6%	+ 5.6%	+16.0%	40	39	73	--
	7	+18.6%	+ 7.1%	+17.1%	41	44	78	89
	NY METRO	+44.3%	+14.6%	+40.5%	43	43	61	--
	CHICAGO METRO	+25.6%	+ 5.6%	+24.7%	41	45	81	--
	LA METRO	+25.4%	+ 3.2%	+27.8%	39	42	60	87
	US	+28.5%	+ 4.9%	+28.1%	42	45	71	82

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1 CT, ME, MA, NH, RI & VT
Region 2 DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3 AL, FL, GA, NC, SC, TN & VA
Region 4 IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5 CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6 AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7 AR, LA, MS, OK & TX

NY Metro: NY: New York City, Long Island and Westchester Co.
NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union

Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos.
IN: Lake Co.

LA Metro: Cities: Los Angeles, and San Diego
Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

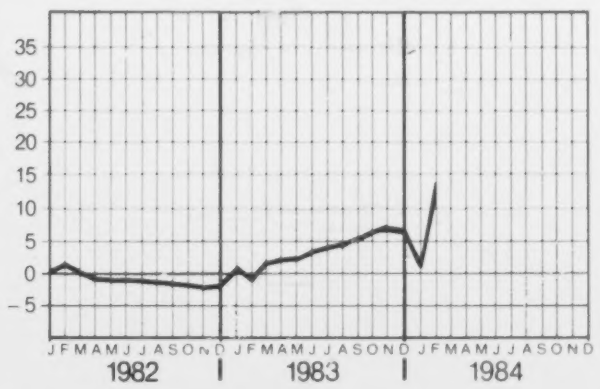
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

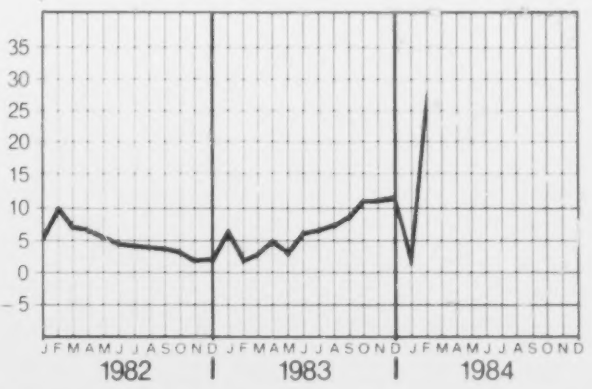
Paper Merchant Sales Report
Summary National Trend Information: 1982 to present

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

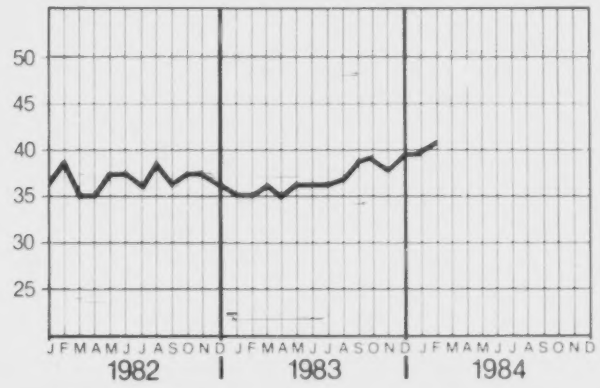


PRINTING PAPER SALES NATIONALLY

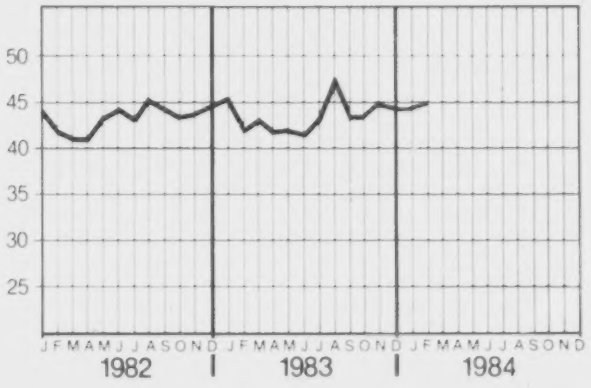


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

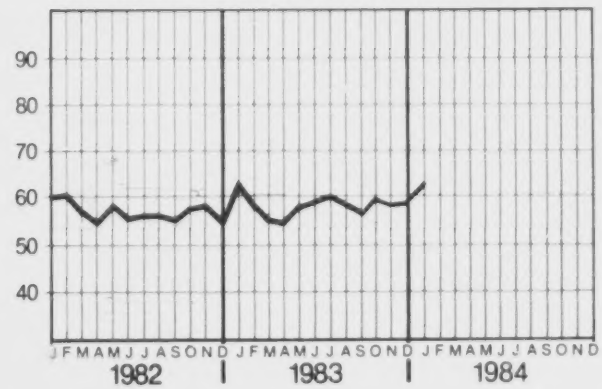


PRINTING PAPER RECEIVABLES NATIONALLY

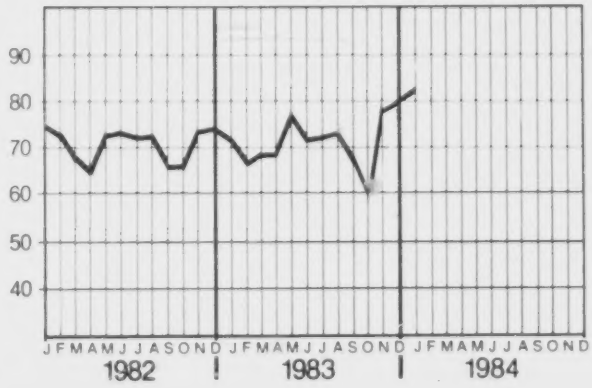


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



IRS now requires withholding on non-job related educational expenses

Employers must begin withholding taxes on 1984 payments to workers for educational expenses that are unrelated to the employee's current job, an Internal Revenue Service spokesman said in January. Amounts paid by employers for educational assistance were excluded from taxation under Section 127 of the Internal Revenue Code.

However, the exclusion expired December 31, 1983, and the Treasury Department said it has no authority to waive the income and Social Security tax withholding rules. Congress attempted to continue the exclusion last year, but failed to pass a bill before the December 31 deadline. The staff of the congressional tax-writing committees have indicated that a two-year exclusion will be included in any major tax legislation passed during 1984.

Educational assistance has become an increasingly popular form of employee benefit for many employers. While job-related education and training is certainly the more prevalent form of tuition expense, many employers have begun to allow employees to pursue degree programs which may not directly relate to their present job. Employers who offer tuition reimbursement should check carefully to ensure that they are in full compliance with the present IRS Code.

Multiemployer pension plan reform is on the way in 1984

Problems with the Multiemployer Pension Plan (MPPAA) legislation persisted throughout 1983 for wholesalers. Getting law-makers to consider modifications to MPPAA proved to be no easy task, stated the National Association of Wholesaler-Distributors.

Under MPPAA, withdrawal liability can be triggered by either a total or partial cessation of employer pension contributions. At times, this may exceed the net worth of the company involved.

On February 9, Rep. John Erlenborn (R-IL), ranking member of the House Education and Labor Committee introduced legislation designed to address the growing problems with the nation's multiemployer pension system. The No-Fault Multiemployer Plan Termination Insurance Reform Act of 1984 (H.R. 4834), cosponsored by Reps. Margaret Roukema (R-NJ), Steve Bartlett (R-TX) and Rod Chandler (R-WA) would improve on the goals of the Multiemployer Pension Plan Amendment Act of 1980.

It would do this by addressing plan underfunding as the major weakness leading to plan instability and system stagnation. Further, it would target special relief for beleaguered plans in the trucking and warehousing industries, and allow non-abusive normal business transactions in multiemployer industries to proceed without unwarranted regulation.

Erlenborn told his colleagues that the adoption of his measure would "lead to the elimination of unnecessary barriers to increased employer participation in multiemployer plans, to greater plan financial stability, to the enhancement of employee pension security, and to a more stable long-term outlook for the multiemployer plan termination insurance system as a whole."

Major supreme court decision on bankruptcy launches firestorm of debate

In a major reversal of NLRB policy and a significant blow to organized labor, states the Government Affairs Department on Printing Industries of America (PIA), the Supreme Court rejected union arguments that the cancellation of a collective bargaining agreement in the face of pending bankruptcy proceedings is unconstitutional.

In a 5-4 decision, the Court ruled that an employer has a right to cancel the provisions of a collective bargaining agreement when the financial condition of the company makes adherence to the terms of the contract impossible. The decision marked a major defeat for the AFL-CIO which has vowed to carry the fight to Congress. Unions are advocating legislation that would make it virtually impossible for a company to renounce a contract even in the face of pending financial disaster.

The unions have argued that the recent cases of Continental and Braniff airlines have highlighted the need to amend the nation's bankruptcy laws to preserve the integrity of labor contracts. The Supreme Court was unanimous, however, in finding that collective bargaining agreements are executory contracts covered by the Bankruptcy Code. The Justices agreed that bankruptcy judges should permit an employer to reject a union contract upon showing that the agreement "burdens the estate, and after careful scrutiny, the equities balance in favor of rejecting the labor contract."

While the AFL-CIO is expected to push hard for action on this issue this year, Congress will likely be reluctant to take so bold a step as reversing a Supreme Court decision during an election year, states PIA.

ASSOCIATION File

1984 NPTA Convention registration information to come

The mailing of Convention registration materials to all member companies is now scheduled to go in the mail in May. All company presidents and branch managers will be receiving complete packets.

The details of the 1984 Convention program will appear in the June issue of *Management News*. Plan now to be in Chicago for the *event of the year* for paper distributors: The NPTA Annual Convention and Paper/Plastics and Allied Products Exposition, September 22-25, 1984 at the Hyatt Regency Chicago Hotel.

Free Performance Analysis - deadline extended

NPTA offers all member firms a **free** confidential Performance Analysis Report (PAR) of their companies. The deadline for receipt of the questionnaire by the consulting firm which will do the analysis (Management Foresight, Inc.) has been extended to April 15, 1984.

If you have not received the questionnaire, or would like another copy or have any questions about participation, contact John LaRosa, NPTA director of research at 516-829-3070.

Announcement policy

Your Association runs announcements on this page from time-to-time and many members request this service. If you are interested in a free announcement here, please note the following:

1. Those who are unemployed in the paper industry may have an announcement of their availability on this page at no charge.
2. Companies with a "position available" may *not* use this page for an announcement.
3. Companies wishing to sell a used piece of equipment may offer it here at no charge.
4. Companies for sale may be listed here at no charge.
5. Other specific requests must be directed to the Communications Department for review.

Resumes of those who are seeking employment are kept on file at NPTA. When a member firm requests the resume of someone listed on this page, a copy is sent. No record is kept of those companies requesting resumes and no report is made to the candidate. What the individual company does with the resume when it is received from NPTA is solely the business of the member firm.

Should there be any requests or need for further clarification, contact Bill Frohlich, director of communications at NPTA Headquarters, 516-829-3070.

Members endorse NPTA's seminars

With a steady upturn in the economy, paper merchants have begun to recognize that a key to future growth and profitability lies in the many workshops, seminars and conferences developed for them. The growth and popularity of these programs testifies to this.

During 1982, 86 merchants attended NPTA programs, contrasted with 321 in 1983 — a 373% increase in attendance. This represented a 265% increase in company participation (77 companies in 1982 vs 204 in 1983).

All signs now point to 1984 as being even more successful. In its first seminar "Productive Marketing Management For Paper Wholesalers" presented by Bruce Merrifield, 40 merchants were in attendance. "Successful Inventory Management For The Wholesale Paper Distributor" presented by Gordon Graham drew an audience of 43 on March 20. To accommodate an additional 22 merchants, another program was scheduled again on March 22. There are still two more opportunities to attend this workshop: August 30 in Boston, and February 14, 1985 in Nashville.

NPTA members who participate in two NPTA programs receive a 35% discount off the registration fee of a third.

NPTA
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NPTA MANAGEMENT NEWS

May, 1984

Highlights

Seven firms receive membership in NPTA

Congratulations to Affiliated Paper Companies, Inc., American Paper Corp., Fabricas De Papel Loreto Y Pena Pobre, S.A., Holmberg Company, Inc., Koffman Products Inc., Queensboro Paper Corp., St. Jon Packaging Company, Inc. All members, directors and staff wish them much success in the year ahead. (P. 2)

Financial printers may be hurt by SEC

The Security and Exchange Commission's new "paperless" system for handling the six million pages of material filed with them each year may cause problems for financial printers. (P. 4)

Paper sold by maintenance suppliers

A survey just released by *Maintenance Supplies* magazine shows just how much paper is sold by distributors of sanitary supplies and equipment. (P. 5)

Leaner inventories a fact of the 80s

Paper merchants have been running their inventories leaner than distributors of other commodities. Apparently, this trend will not change in the foreseeable future. (P. 6)

The NPTA annual report

NPTA reports on its programs, income and expenses for the year ending February 29, 1984. The Association has grown by more than 20% in the previous year. (P. 7)

Collect your receivables

In an exclusive article written for *Management News* by Robert B. Thompson, the "why" and "how" of receivables collection for paper distributors is explored. (P. 10)

Is your insurance coverage enough?

The National Association of Wholesaler-Distributors surveyed all wholesalers and paper distributor members of NPTA and found the average insurance paid in the industry. (P. 16)

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Route To:

News of Paper Trade Activities

Seven distributors receive membership in NPTA

The following companies have received membership in the National Paper Trade Association:

Affiliated Paper Companies, Inc.
1101 Greensboro Avenue
Tuscaloosa, AL 35402
Robert E. Keith, President
established: 1977
locations: 18
type: industrial

American Paper Corp.
Escorial Street #18
GPO 3304
San Juan, PR 00936
Serafin E. Inclan, President
established: 1982
location: 1
type: printing

Fabricas De Papel Loreto Y Pena Pobre, S.A.
Altamirano 46 San Angel
Mexico, D.F. 01090
Ing. Jorge Gonzalez Gomez, President
established: 1905
locations: 18
type: dual

Holmberg Company, Inc.
13820 Industrial Paper Blvd.
Minneapolis, MN 55441
Albert Holmberg, President
established: 1959
location: 1
type: printing

Koffman Products, Inc.
555 Broadway
P.O. Box 1329
Haverhill, MA 01830
Harold Heifetz, President
established: 1936
location: 1
type: industrial

Queensboro Paper Co.
95-26 Sutphin Blvd.
Jamaica, NY 11435
William C. Carrier, President
established: 1938
location: 1
type: printing

St. Jon Packaging Company, Inc.
41 Haig Street
P.O. Box 4244
Hamden, CT 06514
Michael B. Kasper, President
established: 1967
location: 2
type: industrial

People in the News

John M. Slattery has been appointed director of industrial relations for the Butler Paper Company and Nekoosa Envelopes, Inc.

Frank P. Nocella, CPA has been elected treasurer of Bulkley Dunton in New York City.

Ron Grahf was promoted to the position of vice president operations at Alpine Paper Company of Rockford, IL.

Richard T. O'Brien has been promoted by the Seneca Paper Company to the position of general manager of its Rochester, NY Division. The company also named **Donald A. Betz** as corporate merchandising manager, and **Arthur L. Bascomb** has become general manager of the company's Buffalo, NY Division.

Patrick F. Brennan has been named corporate vice president of Consolidated Papers.

James H. Frick, Jr. was elected corporate vice president marketing and sales for the S.D. Warren Division of Scott Paper.

Robert F. Meyer was named vice president and assistant to the president of the Hammermill Papers Group.

Earl E. Brotherton has been named senior vice president of the Container Group of Crown Zellerbach.

John S. Candler was elected executive vice president of the Ecusta Paper & Film Group of the Olin Corporation.

Robert J. Lanigan, has been elected chairman of Owens-Illinois. He will continue as president and CEO, and succeeds **Edwin Dodd** who retired.

Charles E. Faries, Jr. was named vice president of Boise Cascade. He will be assigned to long range planning and evaluation of business opportunities.

E. Richard Weiler has been named vice president of operations at the Strathmore Paper Company.

Edward J. Daleski was named eastern regional sales manager for the Potlatch Corporation's Northwest Paper Division.

Supplier Activity

Bowater: The Bowater Corporation PLC, one of the largest paper manufacturers in the world, has announced plans to split into two companies. One part would be based in the United States and the other in Great Britain. Lord Erroll of Hale, chairman of Bowater said that this change will "create two distinct groups with sound financial and operational bases from which they will be better placed to develop their separate activities."

Dixie/Marathon: In preparing for the summer olympics, the U.S. team is using the Training Center in Colorado Springs, CO. And they are using Dixie products the company reports. Dixie Marathon is the official supplier of foodservice and sanitary disposables for the Center. In addition, Dixie Marathon products are being used in the Sports Medicine Center and the lodging facilities.

Louisiana-Pacific: The company agreed in principle to sell approximately 56% of its ownership interest in its Alaska facilities to an Employee Stock Ownership Trust (ESOT) to be established by the employees at those operations. The sale price of $50 million will be paid with a combination of cash and notes. Louisiana-Pacific operates more than 100 plants and mills throughout the United States.

MACtac: The company reported that a new distribution facility was added in Dallas, TX. An open house held on February 23, 1984 marked the opening of the new facility. Over 150 companies were in attendance. "MACtac decided to install the new warehouse to better serve its customers in the state of Texas and surrounding geographical areas," said Joseph W. Weldon, the company's vice president of sales and marketing. The new facility is located at 4747 Leston Street.

Lindenmeyr Paper to be acquired by Gottesman

The Lindenmeyr Paper Corporation announced that it has agreed to its acquisition by Central National-Gottesman, the world's largest privately owned pulp and paper company. Both companies are headquartered in New York City.

Lindenmeyr, a printing paper merchant firm, is one of the country's largest privately owned operations. Gottesman is a leader in the sale of wood pulp, newsprint, containerboard, liquid packaging board, and wood products with offices in Atlanta, GA, Minneapolis, MN, and Portland, OR, reports *Printing News*. In addition, Gottesman has offices in 16 foreign countries and representatives in 58 other countries. The combined operation of Gottesman and Lindenmeyr will have 1984 sales, it is estimated, of over $1 billion.

The Lindenmeyr Paper Corporation will operate as an autonomous unit of the parent corporation. Both companies have a long history of serving the paper industry: Lindenmeyr has been doing business in New York for 125 years and Gottesman 98 years.

Mead reports increased sales and earnings

The Mead Corporation reported that 1983 sales rose to $2.37 billion in 1983, up 11.2% from the 1982 level of $2.13 billion. Earnings were set at $42.6 million compared with an $85.8 million loss in 1982.

The company's "paper converting and distribution" segment reported 1983 sales of $722.3 million. This represented a 6% increase from 1982 sales of $680.9. Net earnings were $32.7 million on these operations representing a 12.8% increase from the 1982 level of $29 million.

The converting and distribution segment includes the manufacture and distribution of school and office products and the distribution of a full line of paper products.

According to division president Charlie Joiner, earnings improvement last year at Mead Merchants nearly doubled on a modest increase in sales. The reasons cited were improved operating performance and tighter cost control.

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Inquiries: All inquiries should be directed to the Editor. Original manuscripts and letters are welcomed.

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Merchant Briefings

Printing Paper

Financial printers may be hurt by new SEC paperless system

Faced with more than six million pages of material filed each year with the Securities and Exchange Commission, the government agency is seeking a "paperless" alternative. And financial printers, reported *Business Week*, may be hit hard.

A computerized system could provide instantaneous access to the information which will benefit the public. Company financial reports would be sent to the SEC via telephone lines digitally on anything from a personal computer to a mainframe. The data would then be captured on the agency's new EDGAR (Electronic Data Gathering And Retrival) computer system.

"Instead of rushing printing reports to the SEC via air courier to meet filing deadlines, companies will be able to wait until literally the last minute before transmitting them electronically," the article stated. The EDGAR system could cut deeply into the $500 million financial printing industry. No one is speculating, though, how severely printers or paper merchants will be hurt.

Expansion of color printing market studied in a new report by NAPL

Increasing customer demand for color printing of all types is the single most significant challenge printers will face during the next two to three years, according to "Opportunity Risk Factors Posed by Today's Color Demand Trends," a special report just published by the National Association of Printers and Lithographers.

The 20-page report, based on a study conducted among printers and buyers, shows how single-color printing is losing its market share to color work, and discusses the changes that are causing this shift from both a marketing and technical standpoint. It details the effects of these changes on individual product segments from catalogs to books.

The report is available through the NPTA Communications Department at $15 per copy.

Printing industry growth in 1984 will be significant

Printers are projecting 1984 sales to climb 13.2% over 1983 levels, states the National Association of Printers and Lithographers (NAPL) in their "Quarterly Printing Industry Business Indicator Report." This will bring total commercial printing in the United States to almost $31 billion.

Also projected is an increase of 4.1% in total employment. The printing industry will employ nearly a half million people this year. This represents 341,000 factory workers and 118,000 sales, administrative and other employees.

The print manufacturing segment of these industries has out-performed the general economy in recent years, according to NAPL data. Although the general economy's shift to a service industry emphasis has caused some dislocation in the printing industry, overall industrial restructuring has had a positive growth-sustaining effect on most graphic arts establishments.

Future printing unites computer with copier

The marriage of the computer and the laser printer promises to provide instant publishing of any material. The National Business Forms Association reports that the Telecomputer Laser Printing Corporation (TLPC) has developed a practical system.

TLPC's software is used on an IBM PC with a Xerox 9700 electronic laser printing system. Any material can be transmitted after composed on the IBM PC to any of 15 key locations around the country where pages may be printed at about four cents each.

Called the "PC Connection," a modem is used to transmit information which will be printed on the Xerox 9700 in many type faces and sizes at up to 120 copies per minute. Logos, graphics and formats for business forms can be stored electronically and called up when needed.

TLPC states that the electronic printing business is now at $7 billion annually, but will reach $50 billion by 1989.

Study shows industrial paper products sold by distributors of sanitary supplies and equipment

INDUSTRIAL PAPER

A survey conducted by *Maintenance Supplies* magazine and published in their March, 1984 issue revealed the "average distributor's" sale of paper products. The magazine surveyed its readership, and so it is certain that many paper distributors have been counted in their results.

The average distributor of sanitary and maintenance supplies and equipment sells $735,000 worth of material annually — up 26% in the past two years. The typical firm serviced 1,265 accounts with 4.5 salespeople.

Of the average distributor's total sales, paper products made up 20.8%. This means that $153,000 of paper products are being sold by the average maintenance supplies distributor. This is up 26% from the average 1981 sales of paper products pegged at $121,000. This growth is equivalent to the average distributor's sales growth in general.

The survey results further project that the total annual sales of paper products by maintenance suppliers is approximately $900 million per year.

Paper sales by product group

Of the eight major paper products groups reported sold by these distributors, paper roll towels led with 28.1% of total paper products sold. This represents approximately $43,000 in sales annually for the typical distributor — up 26.3% from two years ago.

Paper sales by product group

Product Group	% of Annual Sales of Paper Products
Paper towels (roll)	28.1
Paper towels (fold)	19.8
Toilet tissue (roll)	24.0
Toilet tissue (fold)	8.4
Industrial wipers	11.0
Paper cups (flat)	2.1
Paper cups (formed)	5.1
Paper straws, napkins	1.5
Total	*100.0*

Industry sales volume

The survey showed that the industry is predominantly made of up firms with annual sales of less than $1 million. Over 71% of firms responding to the survey had sales of under $1 million. 25% were in the $1-5 million category, and 3% reported sales in excess of $5 million.

Outlook for material handling: lift trucks

The trend towards new designs in material handling equipment is accelerating. According to an article in the 1984 *Material Handling Engineering Handbook and Directory*, lift trucks are taking a few new turns:

- New three-wheel electrics are providing better maneuverability for tight turns.
- More guided carts are moving loads long distances without the use of a driver.
- Walkie trucks have been equipped with guidance systems that travel along a buried wire.
- New models of high-stacking narrow-aisle, side-loading or swing-reach trucks that can reach up to 40 feet off the ground are being offered. Some can operate at that height while the operation remains at ground level.
- Some new models are available with side-paneled seating and seat belts.
- Operator comfort is a new concern and operating convenience is a priority. Better visibility, better control positions, and adjustable and contoured seats are now being built into new lift truck models.

Leaner inventories — a fundamental change in operations for the 1980s

The age-old dilemma of a manufacturer or wholesaler is the need to maximize inventory turnover and minimize obsolescence versus having what the customer wants in stock. What to do? Better customer service versus increased profits?

For many, the economic climate of the past decade has dictated a resounding consensus that "it's better to run leaner." High interest rates demand it.

According to a March 1, 1984 article in the *New York Times*: "Many companies are doggedly adhering to a new self-discipline on inventories made possible by computers and forced on them by recession. The possibility of missing some sales because of inadequate supplies hardly diminishes their determination ... Whatever the benefits or costs to the economy, companies have decided that leaner inventories mean fatter profits, and programs to trim stockpiles are proliferating across the country."

Judging by the response to NPTA's recent March 20 seminar on inventory management (a second session had to be added due to demand), this is indeed a hot topic among paper merchants today.

Results of last year's Performance Analysis Report (PAR) indicate that inventory investment represented nearly 29% of printing paper merchants' assets in 1982. It was even higher for industrial paper and dual paper merchants, 34% and 37% of total assets respectively. This is a considerable investment, and effective control of inventories is critical to "bottom line" results.

Stock-to-sales ratio

The Department of Commerce, in its "Monthly Wholesale Trade" report, tracks stock sales ratios for wholesalers. A stock sales ratio of 1.08 means that for every $1.00 of sales, $1.08 is carried in inventory. Sales are net after deductions for refunds and allowances, and do not include non-operating income from investments, rental or sale of real estate, etc. Sales also exclude sales and excise taxes collected. Inventories represent stocks at a cost of merchandise owned by merchant wholesalers at the end of the month.

As expected, there has been a build-up during recession years such as 1974-75. Table 1 shows a historical view of stock sales ratios for *all merchant wholesalers* and *paper and paper produts wholesalers*.

One can clearly see that paper merchants have historically "run leaner" than wholesalers in general. However, they carry slightly more stock than all "non-durable goods" wholesalers (groceries, beer, wine, spirits, etc.).

During recovery years such as 1977, 1978 and 1982, the gap between paper merchants and all merchants was widest; during recession years such as 1974 and 1980 the gap narrowed. The estimated January, 1984 stock sales ratio is 0.95 for paper merchants, holding steady since December, 1983.

Inventory turns

The *New York Times* reports that: "The preference for slim stock-piles has led to an obsession with the concept of turnover - or the number of times a company restocks its shelves in a given year." 1983 PAR results reveal significant differences in inventory turnover among various kinds of paper merchants.

As illustrated by Table 2 (see page 12), inventory turnover was highest for industrial paper merchants in 1982 - in fact, every year back to 1978.

Next highest turnover occurred in the dual segment, followed by printing paper merchants. Gross margin return on inventory (gross margin on warehouse sales divided by average inventory) fell the past three years for printing, was down the past two years for industrial, but was up the past two years for dual merchants.

The fact that industrial paper merchants turn their inventory over faster than printing paper merchants is also backed up by the NPTA monthly "Paper Merchant Sales Report," which provides regional and nationwide data on "calendar

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Table 1

Stock/Sales Ratios
(Seasonally Adjusted)

As of December:	Paper & Paper Products	All Merchant Wholesalers
1974	1.08	1.16
1976	0.98	1.20
1978	0.90	1.22
1980	0.95	1.10
1981	1.03	1.19
1982	0.93	1.26
1983	0.95	1.10

Source: U.S. Department of Commerce

The National Paper Trade Association's Annual Report

The Association's fiscal year ended on February 29, 1984 and its annual report showed a growth of 20.5% in income while expenses rose 23.7% from the previous fiscal year's level. The rise in income was attributed to greater revenue from dues, seminars, and the Annual Convention. These factors contributed to NPTA's over $1.3 million of income in the fiscal year just ended.

Association expenses, which reflect services to the membership, grew faster than income. Led by seminars, membership fulfillment and increased staff costs, the Association's expenses surpassed $1.25 million.

Printing Paper

The Printing Paper Division Committee of NPTA has been working to provide distributors of printing paper with tools to improve their businesses. The Division's Committee has developed a "Quality Report" form for use by member firms to facilitate the processing of problems encountered by their customers on print jobs.

Also, planning was begun on an institute for printing paper salespeople. This one week course has been designed to give salespeople an in-depth knowledge of graphic arts processes, and a better understanding of how to sell printing paper to fill the needs of their customer's equipment.

This program was developed with the help of the Rochester Institute of Technology where the course will be held.

Industrial Paper

The Industrial Paper Division Committee began several major projects during the past year. The focus of its research project was to develop a body of knowledge about the industrial paper distribution business.

The system of determining the products and customers of industrial paper merchants was improved. During the year, over 100 members submitted information to upgrade this data base.

The most important project undertaken by the group was the first systematic study of the growth strategies for industrial paper merchants for the balance of the 1980s. The study dealt with various forces impacting the industry; among the factors studied were customer product and competitive trends.

The study also offered a variety of strategies that are available to paper distributors in responding to the various trends occurring within the industry. A major publication detailing the results of the study is planned for later in 1984.

During the year the Committee also began a slow, thoughtful review of the content, format and location of the Annual Convention. The primary goal of their work was to determine how the forum for supplier/merchant contact might be made more effective. In addition, ways to improve the educational and social

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INCOME

Income (000)	FY Ending 2/29/84	Percentage of Total	FY Ending 2/28/83	Percentage of Total
Membership Fulfillment	544.7	41.7	505.3	46.6
Convention & Exposition	338.0	25.9	301.6	27.8
Education & Training	206.8	15.8	94.0	8.7
Executive & Administrative	65.2	5.0	66.5	6.2
Communications	74.9	5.8	79.0	7.3
Research & Statistics	34.1	2.6	37.0	3.4
PAPER Foundation	41.4	3.2	—	—
Total	1,305.1	100.0	1,083.4	100.0

EXPENSES

Expenses (000)	FY Ending 2/29/84	Percentage of Total	FY Ending 2/28/83	Percentage of Total
Membership Fulfillment	302.5	24.1	227.8	22.5
Convention & Exposition	289.2	23.0	247.8	24.5
Education & Training	266.5	21.3	156.7	15.5
Executive & Administrative	194.2	15.5	169.2	16.7
Communications	44.5	3.6	84.1	8.3
Research & Statistics	135.2	10.8	127.5	12.5
PAPER Foundation	20.8	1.7	—	—
Total	1,252.9	100.0	1,013.1	100.0